

United States Senate

WASHINGTON, DC 20510

COMMITTEES:
APPROPRIATIONS
BANKING, HOUSING,
AND URBAN AFFAIRS
BUDGET
ENVIRONMENT AND
PUBLIC WORKS

September 19, 2014

1060

The Honorable Tom Wheeler
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20536

Received & Inspected

OCT 01 2014

FCC Mail Room

Dear Chairman Wheeler,

I understand that the Federal Communications Commission (FCC) has recently proposed making several changes to Phase II of the Connect America Fund (CAF II). I am writing today to emphasize how important it is to ensure that the final implementations of CAF II fulfill its promise to provide fast and reliable broadband access to rural communities.

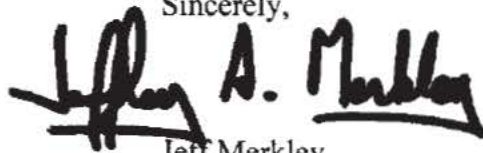
The FCC's June 10th Further NPRM to increase the broadband requirement to 10 Mbps has raised the hopes of rural communities in overcoming the digital divide. However, I am concerned that if the FCC moves forward with this proposal without allowing for some flexibility in the requirements, broadband providers will be unable to reach the goals that CAF II set out to achieve.

During CAF I, entire areas would be disqualified for receiving support if an Internet provider claimed to serve just a portion of the population. The FCC should be specific as possible when targeting areas for broadband support and allow service claims to be verified through independent testing. In addition, the FCC should employ a 10 Mbps standard for all communities, including those that currently meet the 4 Mbps standard. This will help ensure that everybody has equal access to the Internet, not just a select few.

To make the most out of CAF II, the FCC should allow broadband providers the ability to substitute extremely high cost locations with unserved areas in partially served census blocks. This will help broadband providers meet deployment obligations and also maximize the amount of people who will gain access to high-speed Internet. Finally, the FCC should consider extending the funding for this program from five years to 10 years to ensure that broadband providers have the necessary amount of time to build high-capacity networks in rural communities.

Thank you for consideration of these recommendations and your efforts to bridge the digital divide. I look forward to your response.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff A. Merkley". The signature is stylized with a large, looped "J" and "M".

Jeff Merkley
U.S. Senator



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

October 24, 2014

The Honorable Jeff Merkley
United States Senate
107 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Merkley:

Thank you for your letter regarding the implementation of certain aspects of Phase II of the Connect America Fund (CAF II). In your letter, you express concerns that the goals of the CAF II program may not be met if the Commission increases the current broadband speed benchmark for program recipients to 10 Mbps downstream /1 Mbps upstream without allowing flexibility in other elements of program, particularly with respect to the length of the term of support. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

The universal service program is one of the most important tools at our disposal to ensure that consumers and businesses in rural America have the same opportunities as their urban and suburban counterparts to be active participants in the United States of the 21st century. We are focused on updating the universal service high-cost program to ensure that we are delivering the best possible voice and broadband experiences to rural areas of states such as Oregon, within the confines of our Connect America budget, all while providing increased certainty and predictability for all carriers and a climate for increased broadband expansion.

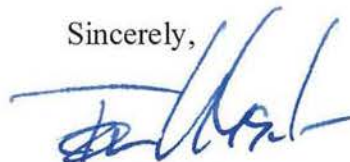
In April of this year, the Commission adopted a *Connect America Fund Phase II Report and Order* to move forward with Phase II of the Connect America Fund for price-cap carriers. In addition, in an associated *Further Notice of Proposed Rulemaking (FNPRM)*, the Commission sought comment on a number of the issues you raise, including revising the current broadband performance obligations to require minimum speeds of 10 Mbps downstream, and applying the same performance obligations to all recipients of Phase II support and to rate-of-return carriers. In addition, the *FNPRM* seeks comment on the approaches that you raise in your letter, including lengthening the term of support, using the new speed standard to determine whether an area is served, and permitting recipients to substitute locations in partially served census blocks for locations in the unserved census block for which they receive support. We have received a robust record on these issues, and they are under consideration by Commission staff. As you suggest, these proposals would allow CAF II recipients more flexibility in meeting their performance obligations. We must consider these proposals in the contexts of our other policy goals, such as encouraging competition and private investment, to ensure that we are fulfilling our universal service mandate.

You have also expressed your concern that the Commission ensure that eligible households not be excluded from CAF II funding. We take this concern very seriously. We are currently finalizing the list of census blocks that are eligible for support. To ensure that this list is as accurate as possible, we have a challenge process in place where parties can identify alleged problems with the broadband map. As part of that process, the Commission has received a total of 178,335 challenges from parties on the served/unserved status of census blocks. Commission staff is currently reviewing these challenges and seeking public comment on the challenges. We intend to make sure that a fair challenge process is conducted so that all eligible unserved areas qualify for funding.

I welcome a dialogue with stakeholders as to how best to accomplish our shared objectives. I look forward to working with you as we continue reforming and modernizing the Universal Service Fund high-cost program – as well as other components of the Universal Service Fund – to ensure that all Americans have access to robust voice and broadband services.

Please let me know if I can be of any further assistance.

Sincerely,



Tom Wheeler